

Figure 1

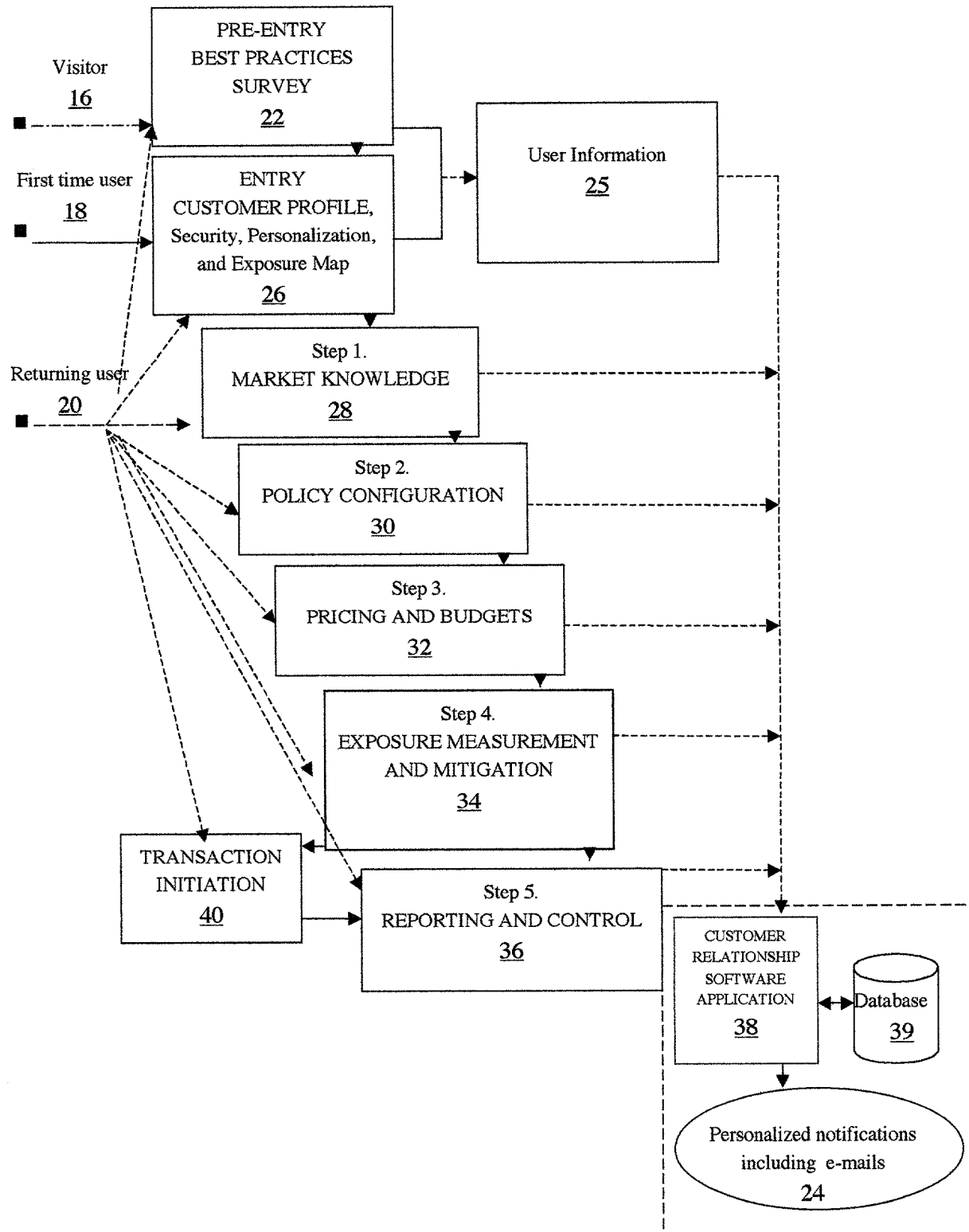


Figure 2

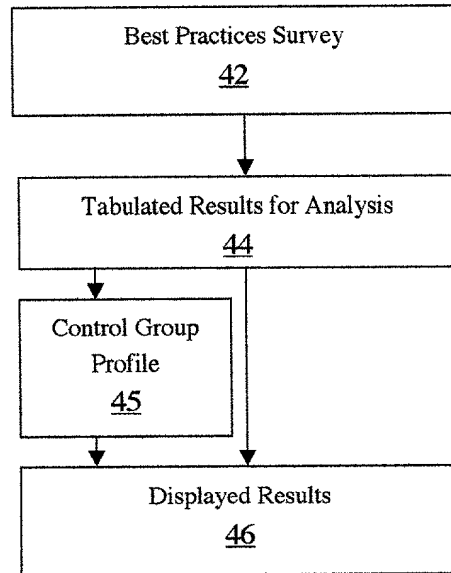


Figure 3

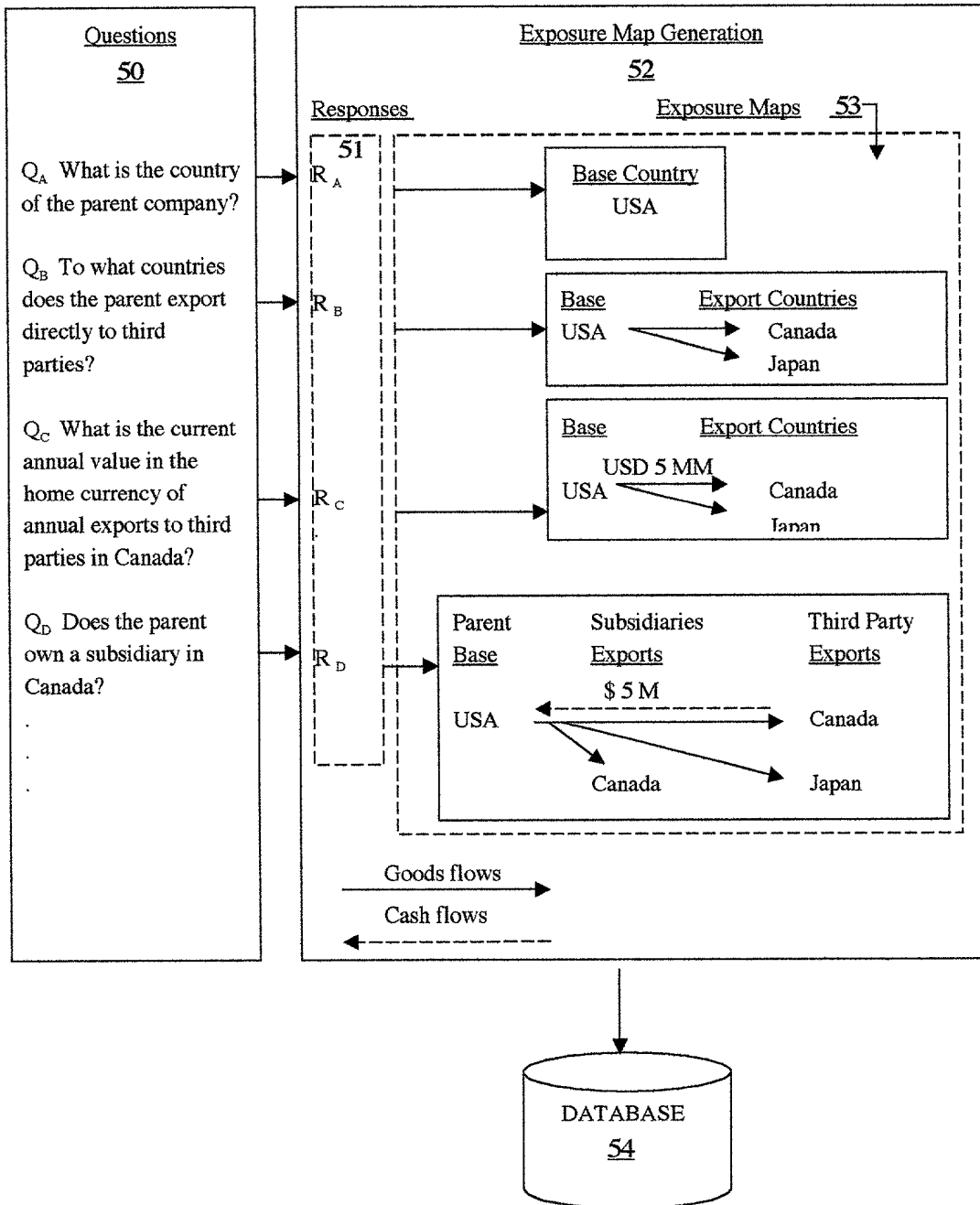


Figure 4

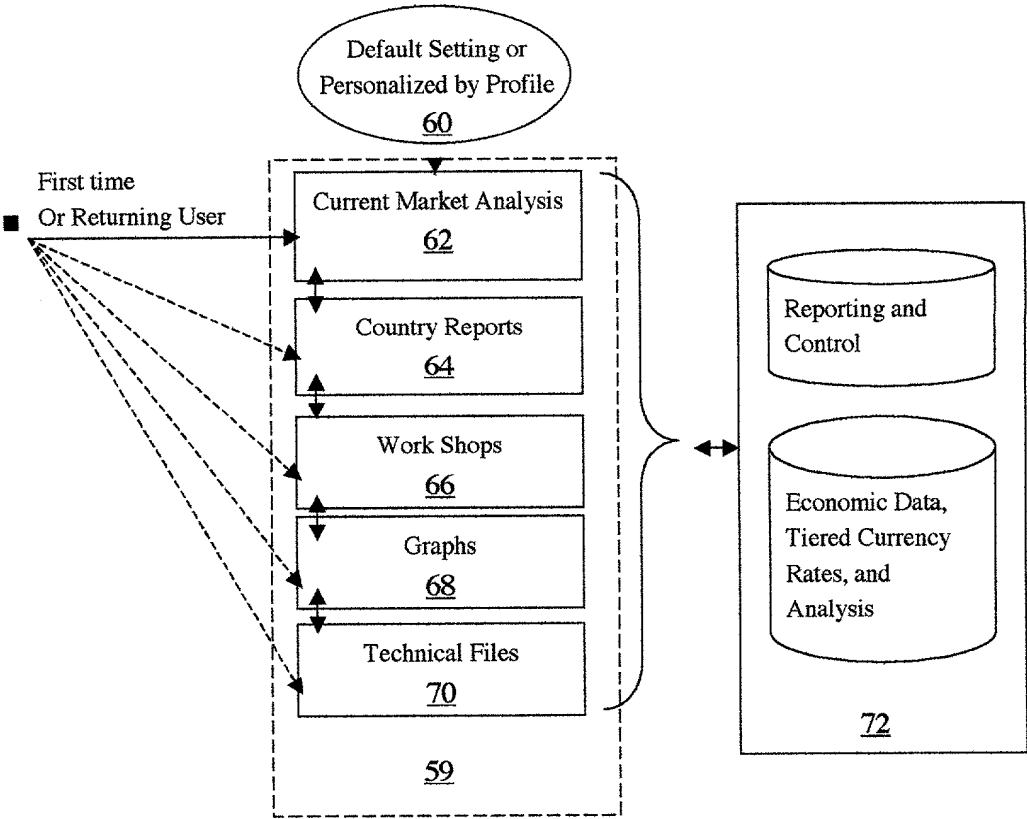


Figure 5

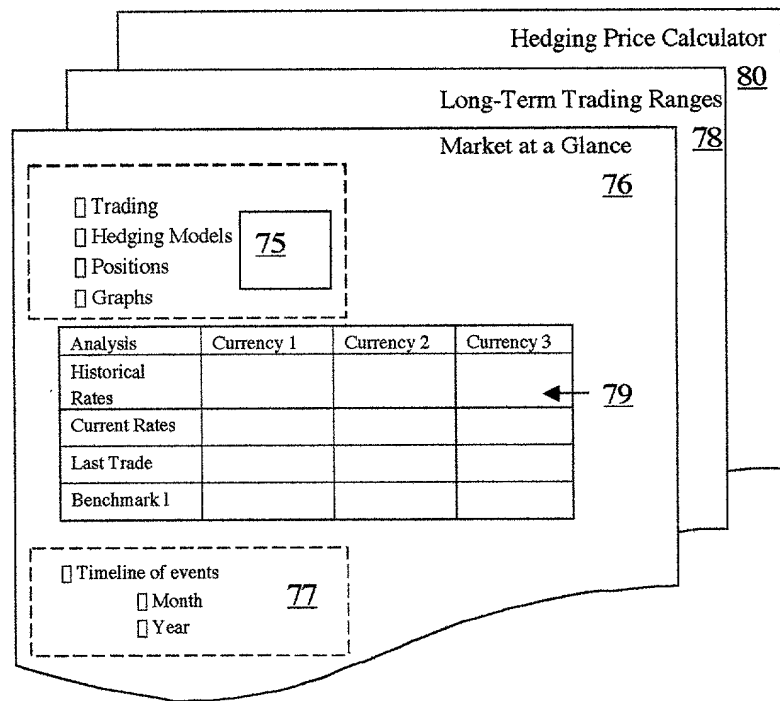


Figure 6

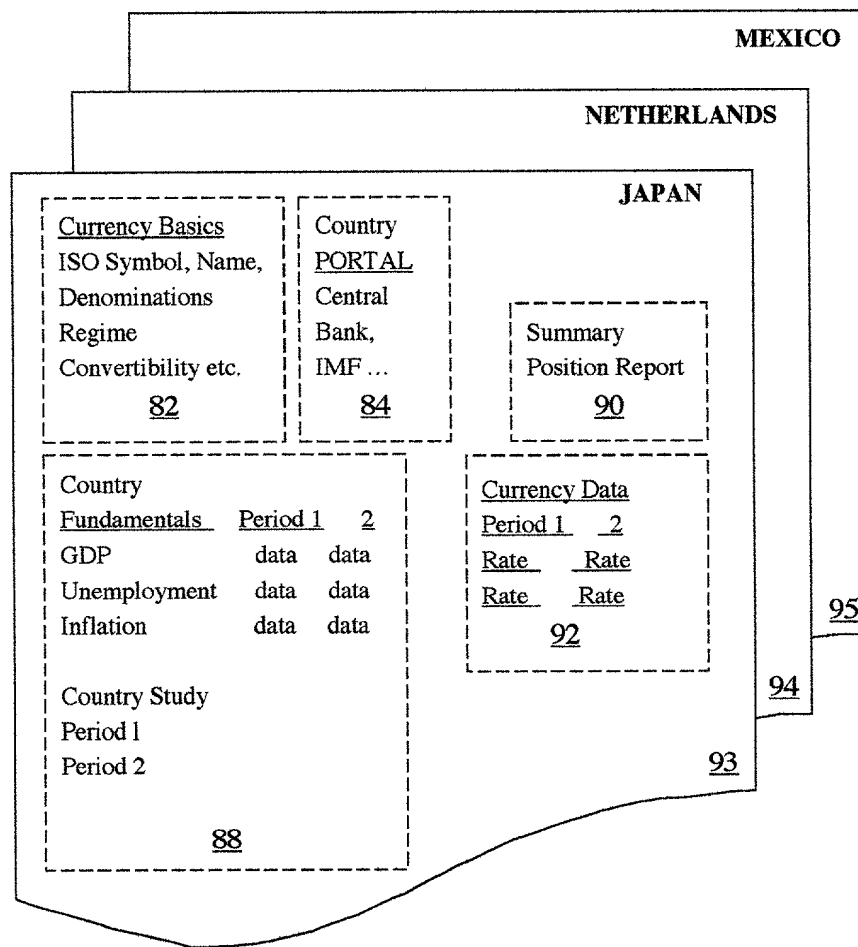


Figure 7

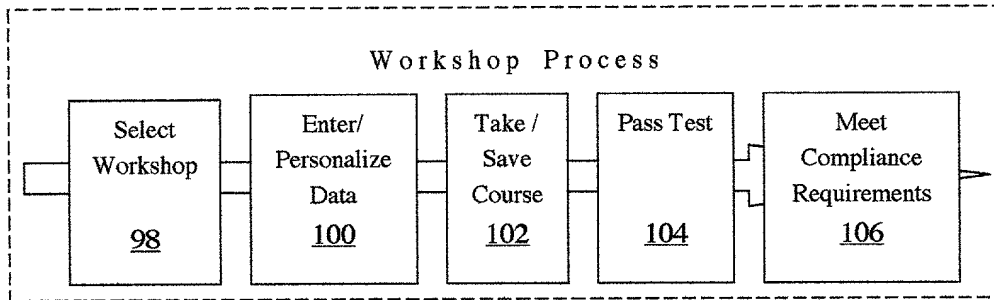


Figure 8

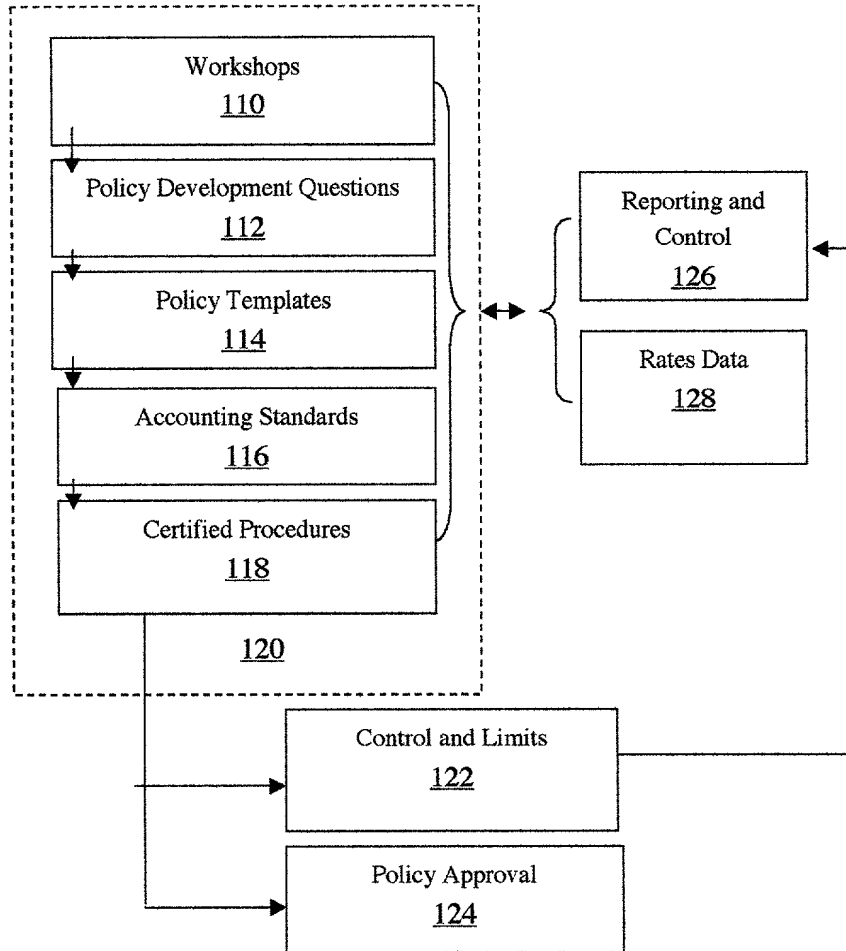


Figure 9

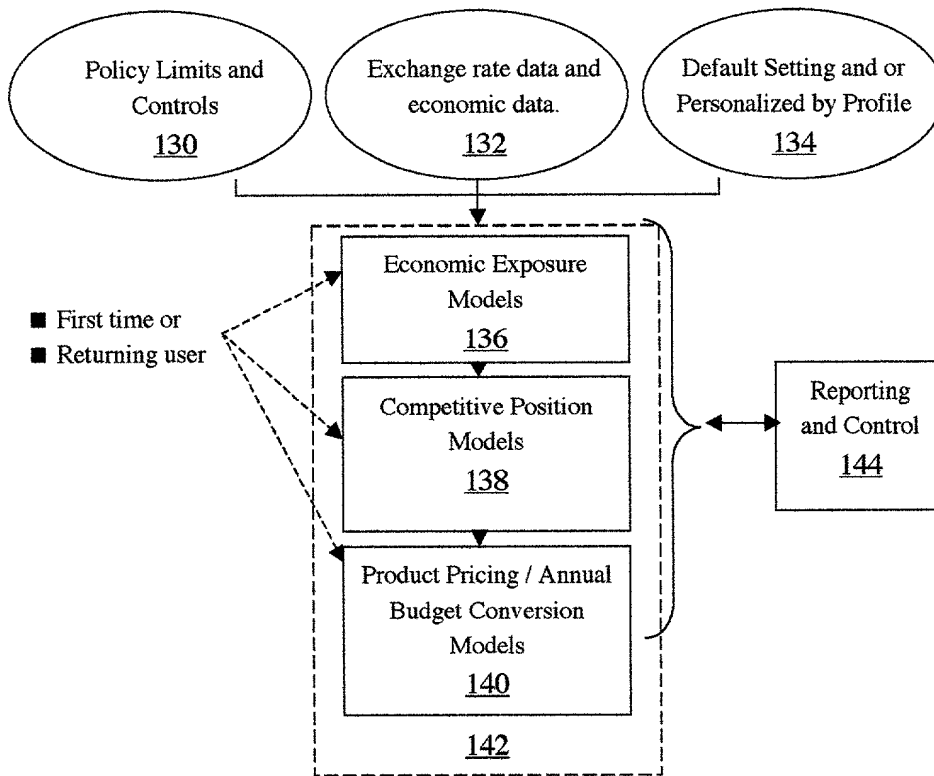


Figure 10

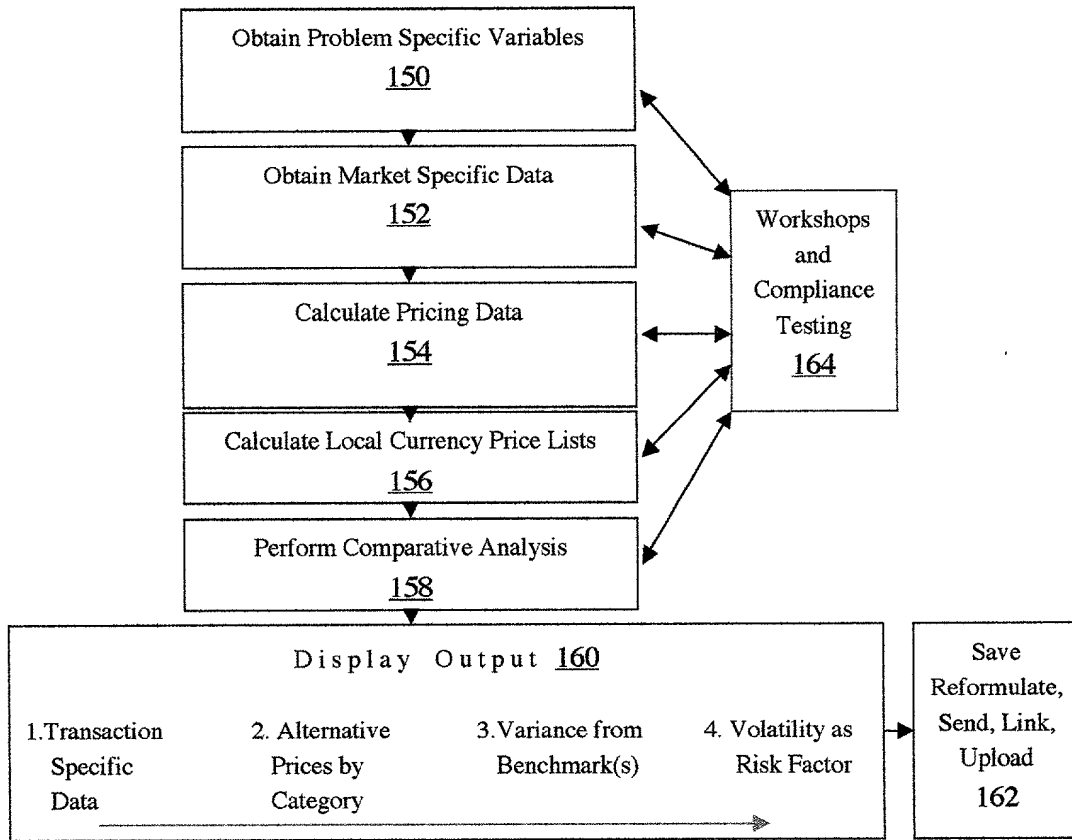


Figure 11

Select: 1 transaction, set of transactions, budget . . .

| Option Number | Seller's Price in Base Currency (USD) | Buyer's Currency Analysis (JPY) | Exchange Rate(s) | Buyer's Equivalent Price in Foreign Currency | Buyer's Equivalent Price Variance 1 from Benchmark | Buyer's Equivalent Price Variance 2 From Benchmark |
|---------------|---------------------------------------|--|------------------|--|--|--|
| <u>166</u> | <u>168</u> | <u>170</u> | <u>172</u> | <u>174</u> | <u>176</u> | <u>178</u> |
| 1a | Value(s) | JPY price at historical rate for Period 1 | Rate | Value(s) | Value(s) | Volatility |
| 1b | Value(s) | JPY price at historical rate for Period 2 | Rate | Value(s) | Value(s) | Volatility |
| 2a | Value(s) | JPY price at spot rate today <u>180</u> | Rate | Value(s) | Value(s) | Volatility |
| 2b | Value(s) | JPY price at forward rate for Period 1 | Rate | Value(s) | Value(s) | Volatility |
| 3a | Value(s) | JPY price at forward rate for Period 2 | Rate | Value(s) | Value(s) | Volatility |
| 4a | Value(s) | JPY price at forecast rate for Period 1 | Rate | Value(s) | Value(s) | Volatility |
| 4b | Value(s) | JPY price at forecast rate for Period 2 | Rate | Value(s) | Value(s) | Volatility |

- ☐ Save as
☐ Mark-to-Market
☐ Upload to (drop down menu including:
 Knowledge Engine components, Risk Measurement components . . .)
☐ e-Mail

182Select: graph
table

Figure12

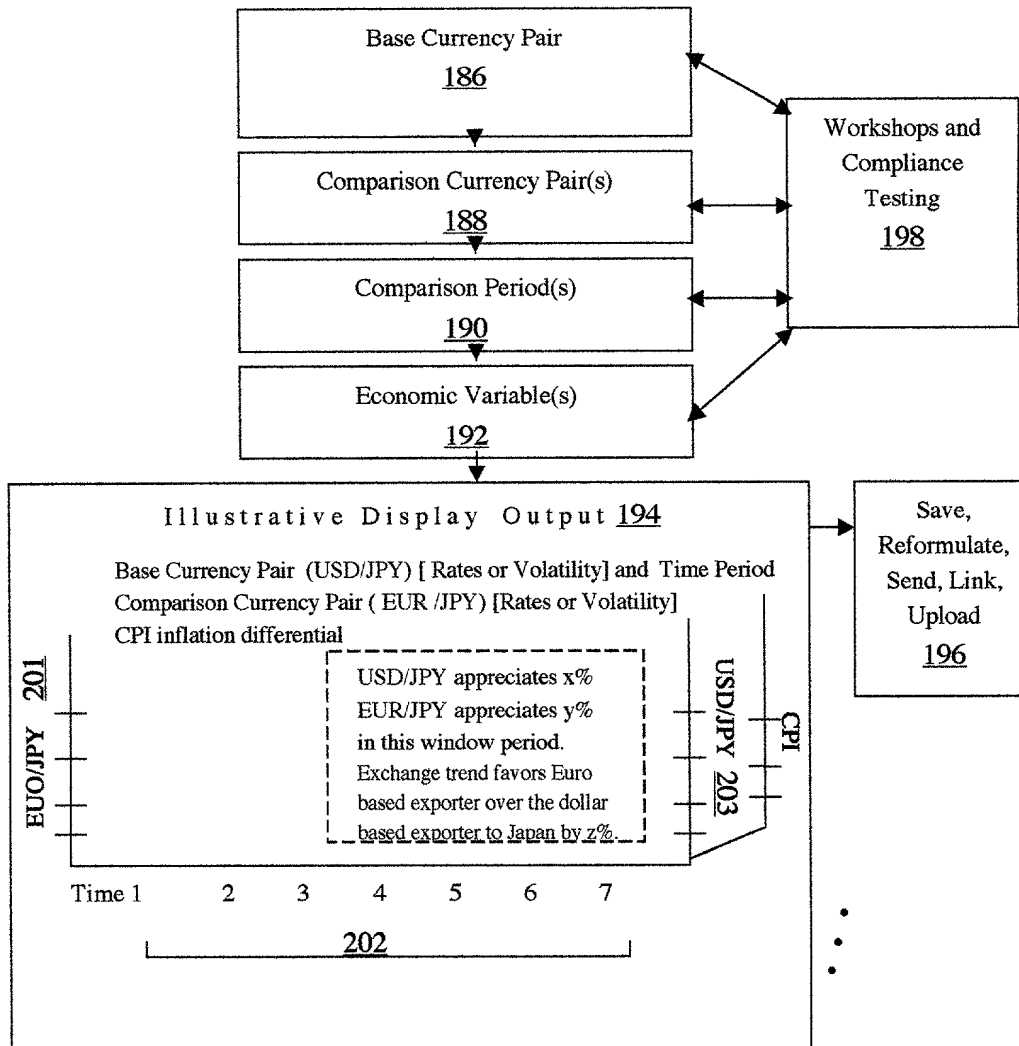


Figure 13

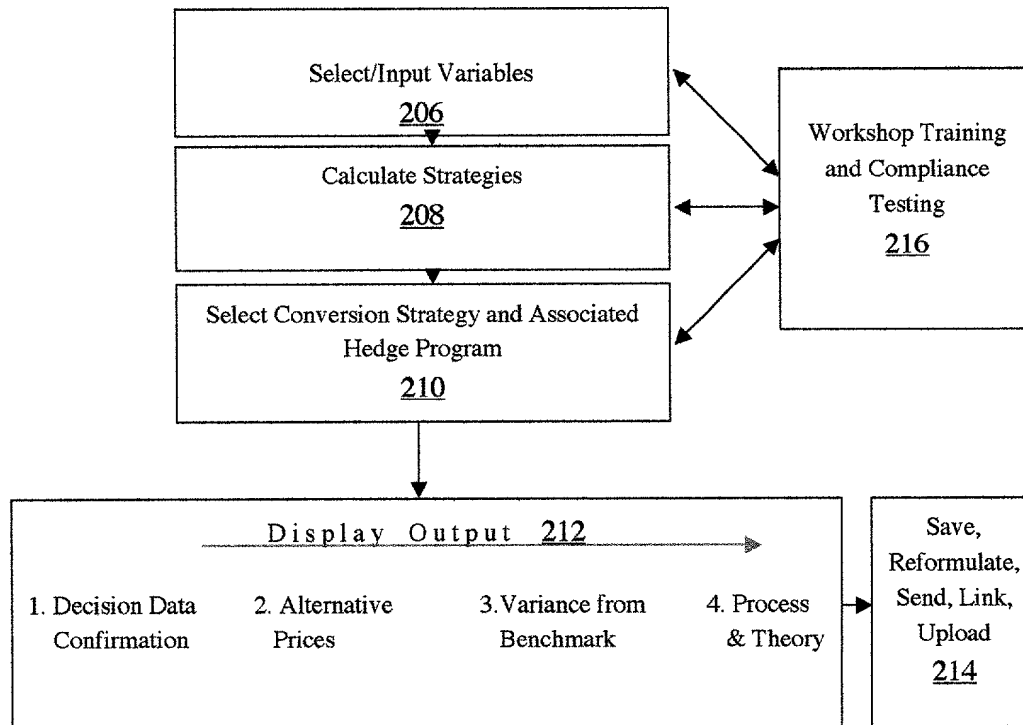


Figure 14

| Periods (Months /Days) | Base Currency Amounts | Spot | Forward Rates | Option Costs at Selected Strike Prices | Premiums In base currency | Opportunity Cost Rates | Break Even Rates | Forecast Rate(s) |
|------------------------------|-----------------------------|------------|------------------|--|---------------------------------|---------------------------|------------------------|---------------------|
| <u>220</u> | <u>222</u> | <u>223</u> | <u>224</u> | <u>225</u> | <u>226</u> | <u>227</u> | <u>228</u> | <u>229</u> |
| Today | | Rate | | | | | | |
| 1 | Value | | Rate | % | Value | Rate | Rate | Rate |
| 2 | Value | | Rate | % | Value | Rate | Rate | Rate |
| 3 | Value | | Rate | % | Value | Rate | Rate | Rate |
| 4 | Value | | Rate | % | Value | Rate | Rate | Rate |
| 5 | Value | | Rate | % | Value | Rate | Rate | Rate |

Select (conversion strategy and benchmark)

☐ Market at a glance
☐ Workshop

Illustrative Display Screen Calculations for Step 208 (Fig. 14)

| Conversion Strategy Selected: | | |
|---|--|---------------------------------|
| 3. Today's weighted average forward rate. | | |
| <u>231</u> | | |
| Benchmark | | Spot rate |
| Conversion Rate | | Weighted forward average (224) |
| Price P1 | | Value |
| Price P2 | | Value |
| Price P3 | | Value |
| Price P4 | | Value |
| Total Price | | Total Value |
| Variance to Benchmark of Total | | Variance Value |

☐ Workshop
☐ Upload, save, e-mail...

Illustrative Display Screen Calculations for Step 210 (Fig. 14)

234

Figure 15

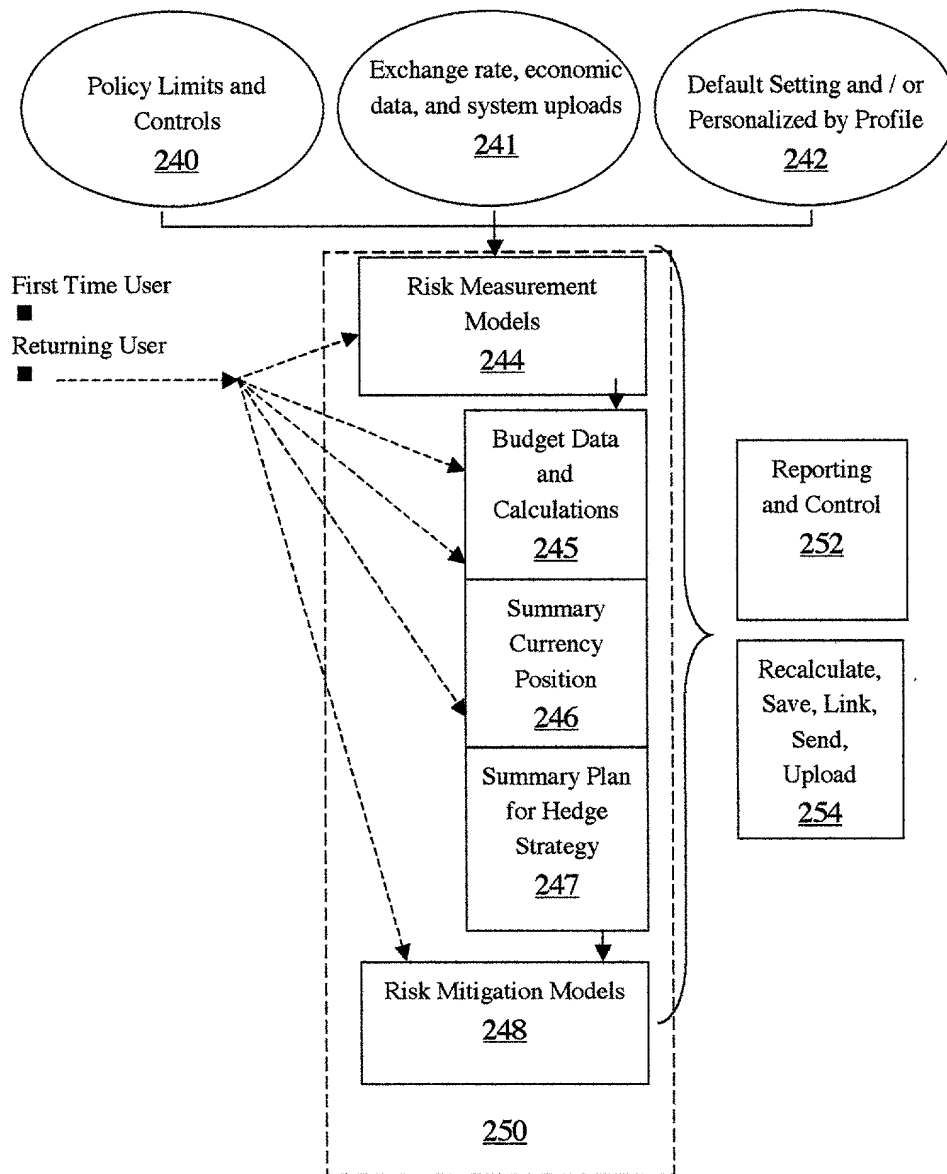


Figure 16

| Country | Category | Month 1 Budget (Now) | Actual (Now) | Variance A to B (Now) | Month 2 A V | Month 3 A V ... | Year Total A V |
|---------------------|---------------------------------------|----------------------------|-----------------|-----------------------------|-------------|-----------------|----------------|
| <u>261</u> | <u>262</u> | <u>263</u> | <u>264</u> | <u>265</u> | <u>266</u> | <u>267</u> | <u>268</u> |
| Japan <u>270</u> | Budget Purchase(Sales) in JPY | Value | Value | Value | Value | Value | Value |
| <u>271</u> | Budgeted Exchange Rate(s) | Rate | Rate | Rate | Rate | Rate | Rate |
| <u>272</u> | Current Spot Rate | Rate | Rate | Rate | Rate | Rate | Rate |
| <u>273</u> | Current Hedge Rate(s) | Rate | Rate | Rate | Rate | Rate | Rate |
| <u>274</u> | Cost of Hedge(s) | Value | Value | Value | Value | Value | Value |
| <u>275</u> | Variance from Budget | Value | Value | Value | Value | Value | Value |
| <u>276</u> | Base Currency Scenario 1 | Rate | Rate | Rate | Rate | Rate | Rate |
| <u>277</u> | Gain/(Loss) from Unhedged Position | Value | Value | Value | Value | Value | Value |
| <u>278</u> | Variance from Budget | Value | Value | Value | Value | Value | Value |

Illustrative Output of Budget Data and Calculations 280

| Currency | Position in Foreign Currency (FC) | Budgeted Rate | | Market Rates | | | Benchmark(s) Rates or Volatility | | |
|---|--|----------------|--|-----------------|--------------------------------|---|----------------------------------|--------------------------------|--|
| | | Budget Rate | Base Currency (BC) Equivalent | Current Rate | Base Currency Equivalent | BC Differential Actual to Budget | Benchmark 1 Exchange Rate | Base Currency Equivalent | BC Differential Benchmark to Budget |
| <u>281</u> | <u>282</u> | <u>283</u> | <u>284</u> | <u>285</u> | <u>286</u> | <u>287</u> | <u>288</u> | <u>289</u> | <u>290</u> |
| JPY <u>291</u> | | | | | | | | | |
| TOTAL EXPOSURE BC <u>292</u> | | | | | | | | | |
| TAX RATE | | | | | | | | | |
| TOTAL EXPOSURE BX AFTER TAX <u>294</u> | | | | | | | | | |

Illustrative Output of Summary Currency Position 295

| Currency <u>298</u> | Actual | | | Plan | | |
|------------------------|--------------------------------------|----------------------------------|-----------------------------|---|---|---|
| | Aggregate Currency Position(s) | Existing Hedge Position(s) | Current Open Position | Hedge Now at spot, forward rate(s), option strike price(s) | Hedge Time Designated at spot, forward rate(s), option strike prices(s) | Do Not Hedge, stop loss rate(s) of |
| | <u>299</u> | <u>300</u> | <u>301</u> | <u>302</u> | <u>303</u> | <u>304</u> |
| JPY <u>305</u> | | | | | | |
| GBP | | | | | | |

Illustrative Output of Summary Plan for Hedging Strategy 306

Figure 17

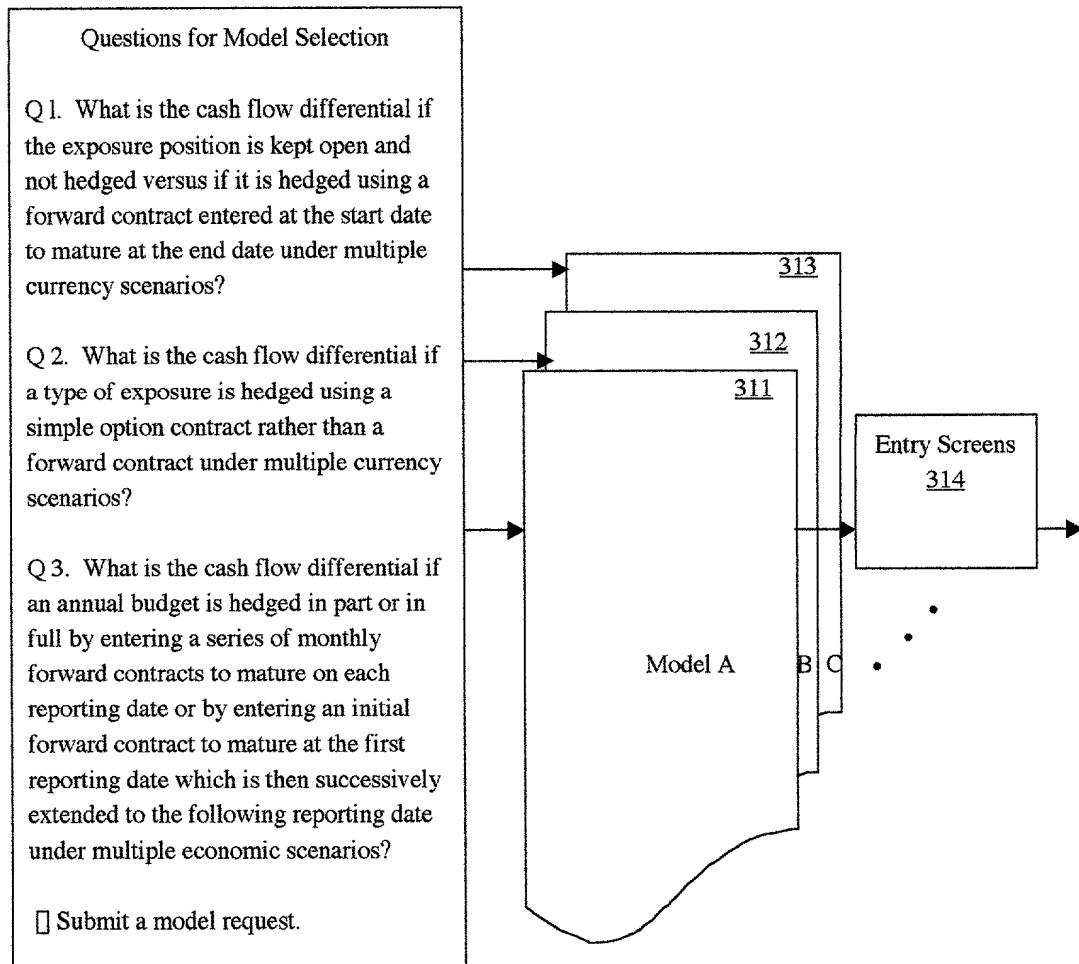


Figure 18

Illustrative Appearance of Entry Screen Format 318

Title of Model: Cash Flow Comparisons by Hedge Strategy and Economic Scenario

Buy or Sell:

Foreign Currency:

Amount of Foreign Currency:

Base Currency:

Today's Date:

Transaction Start Date:

Settlement/Value Date:

Option Strike Price:

Comparisons to Show:

Spot Exchange Rate (USD/FC):

Forward Exchange Rate (USD/FC):

Loan/Deposit Rate (SUD/FC):

Premium Amount for American Style Option,

At-the-Money Option:

Out-of-the-Money Option:

Economic Scenario 1: 320 Economic Scenario 2:

US Dollar Strengths to US Dollar Weakens to

Show Comparisons

324

TITLE and problem:

Confirmation of Data:

Base Currency

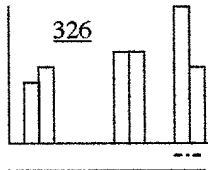
Foreign Currency

Buy/Sell

Begin Date

Value Date, etc.

Illustrative Appearance of Output Screen Format: 322



Select:

Display Summary A

Display Summary B

327

Coverage periods:

--- Spot

— Forward

| | 328 FC Amount | 329 Rate | 330 Base Equivalent | 331 Process | 332 Theory |
|---|------------------|-------------|------------------------|----------------|---------------|
| Matrix of Alternative Analysis: 335 | | | | | |
| Cash Flow: Same Instrument, 2 Economic Scenarios: | | | | | |
| 1. Spot Contract entered on 1/31/00 for value 2/2/00: | | | | | |
| Scenario A. Cash Flow if USD strengthens to USD 1.5000/GBP: | FC amount | @ rate | =(base equivalent) | Process | Theory |
| Scenario B. Cash Flow if USD weakens to USD 1.000/GBP | FC amount | @ rate | =(base equivalent) | Description | Behind |
| Differential: Cash Flow, Scenario A versus Scenario B | | | base equivalent | | Choice |
| 2. Forward Contract entered on 8/8/99 for value 2/2/00. | | | | | |
| Scenario A: Cash Flow if USD strengthens to USD 1.5000/GBP: | FC amount | @ rate | =(base equivalent) | Process | Theory |
| Scenario B: Cash Flow if USD weakens to USD1.7000/GBP: | FC amount | @ rate | =(base equivalent) | Description | Behind |
| Differential: Cash Flow, Scenario A versus Scenario B: | | | base equivalent | | |
| Differential: Cash Flow, Scenario 1A to 2A | | | base equivalent | Process | Theory |
| Differential : Cash Flow, Scenario 1 B to 2 B | | | base equivalent | Process | Theory |

| 334 | Views of Market | Instruments | Strategies | Arbitrage Opportunities | Interest Rate Differentials | Types of Exposures |
|-----------------------------|-----------------|-------------|------------|-------------------------|-----------------------------|--------------------|
| Views of Market | | | | | | |
| Instruments | | | | | | |
| Strategies | | | | | | |
| Arbitrage Opportunities | | | | | | |
| Interest Rate Differentials | | | | | | |
| Types of Exposures | | | | | | |

Figure 19

PRODUCT CHOICE:

☐ SPOT
types☐ FORWARD
types☐ SWAP
types☐ OPTION
types☐ LOAN
types☐ DEPOSIT
types340

| Illustrative Categories | | Illustrative Detail <u>352</u> | | |
|-------------------------|---|-----------------------------------|--------------------|----------------|
| 1 | Trader Reference <u>341</u> | Number | Trade Date | Time |
| 2 | Status <u>342</u> | New | Order | Approve |
| 3 | Hedge Activity <u>342</u> | Link Exposure 1 to Trade | Link 2 | Link 3 ... |
| 4 | Settlement Basis <u>344</u> | Credit | Split Date | Net Base |
| 5 | Requested Value Date(s) <u>345</u> | Date 1 | Date 2 | Date 3 ... |
| 6 | Ordering Customer <u>346</u> | Template 1 | Template 2 | Template 3 ... |
| 7 | Beneficiary(s) <u>347</u> | Ben 1 | Ben 2 | Ben 3 ... |
| 8 | Comments <u>348</u> | Open | Open | Open |
| 9 | Beneficiary's Bank(s) <u>349</u> | Template 1 | Tem 2 | Tem 3... |
| 10 | Transaction Specification <u>350</u> | Currency Pair | Transaction Amount | Rate Choice |
| 11 | Transaction Status <u>351</u> | Hold | Approve | Cancel |

353

System:

☐ 12. Review Order, Credit Availability
☐ 13. Submit Order with Testing
☐ 14. Contract Number Assigned if authenticated
☐ 15. Revise, Reject Message if failed
☐ 16. Confirmation of Trade if authenticated
☐ 17. Report of failed and authenticated

Submit
355

Illustrative Transaction Entry Screen 354

Figure 20

Counterparty, Currency and Country Summary Position Report

Today's Date

360

Select: Counterparty, Currency, Country Detail

Currency Risk Report

| | | | | | | | | | | | | Currency Risk <u>366</u> | | Counterparty Risk <u>367</u> | | Country Risk <u>368</u> | |
|--|---|---|---|---|---|---|---|---|----|----|--------------------|-----------------------------|------------------|------------------------------------|------------------|----------------------------|------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | Limit | Differenti al | Limit | Differ ential | Limit | Differ ential |
| JPY <u>370</u> | | | | | | | | | | | Exposure Amount | | | | | | |
| EUR | | | | | | | | | | | Amount | | | | | | |
| GBP | | | | | | | | | | | Amount | | | | | | |
| | | | | | | | | | | | | | | | | | |
| Total Base Currency Equivalent <u>369</u> | | | | | | | | | | | | Amount | \$ | | \$ | | \$ |
| Tax Rate 50% | | | | | | | | | | | | Amount | \$ | | \$ | | \$ |

☐ Policy Template☐ Transaction☐ Workshop

Column Headings for Currency Risk Detail Selection:

1. Currency Name(s)
2. Counterparty Name(s)
3. Account Balance(s)
4. Other Balance(s)
5. Total Receivables
6. Total Payables
7. Currency Exposure before Hedge
8. Currency Hedges
9. Currency Hedge Rate (weighted average)
10. Currency Exposure Residual
11. Current Exchange Rate
12. Current Base Currency Value of Residual Exposure

Figure 21

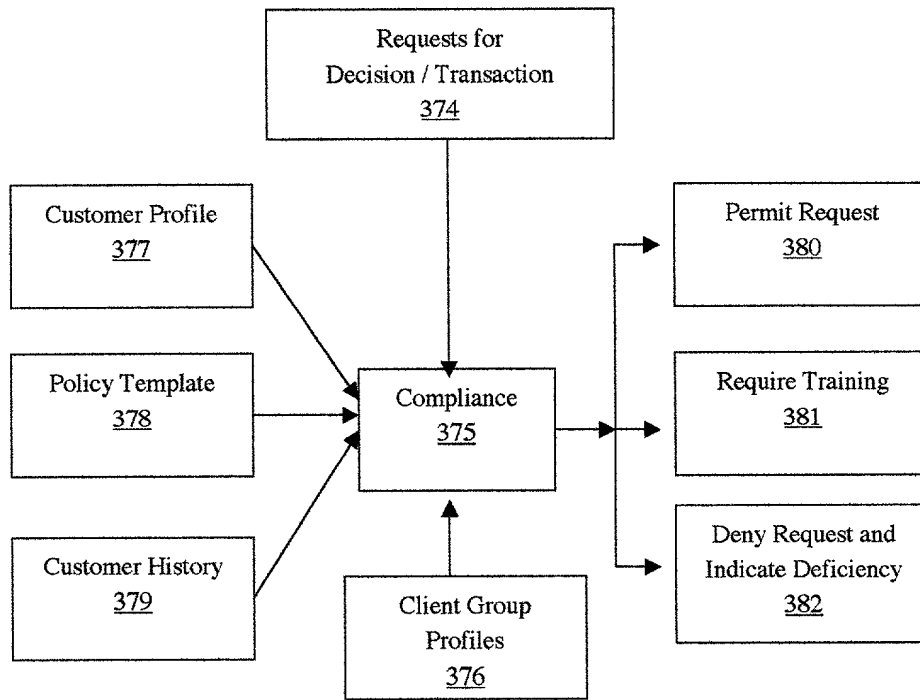


Figure 22

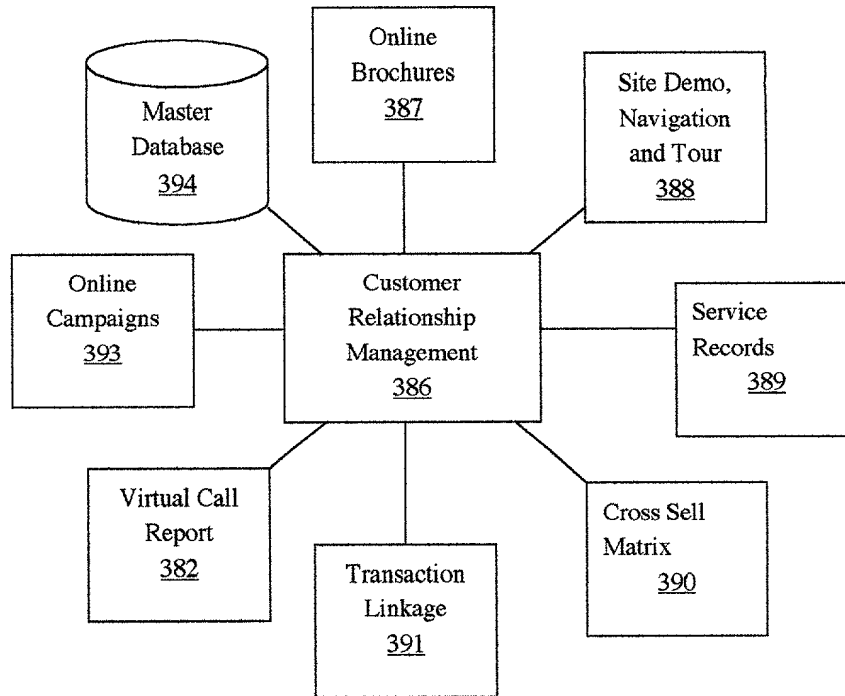
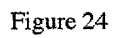


Figure 23



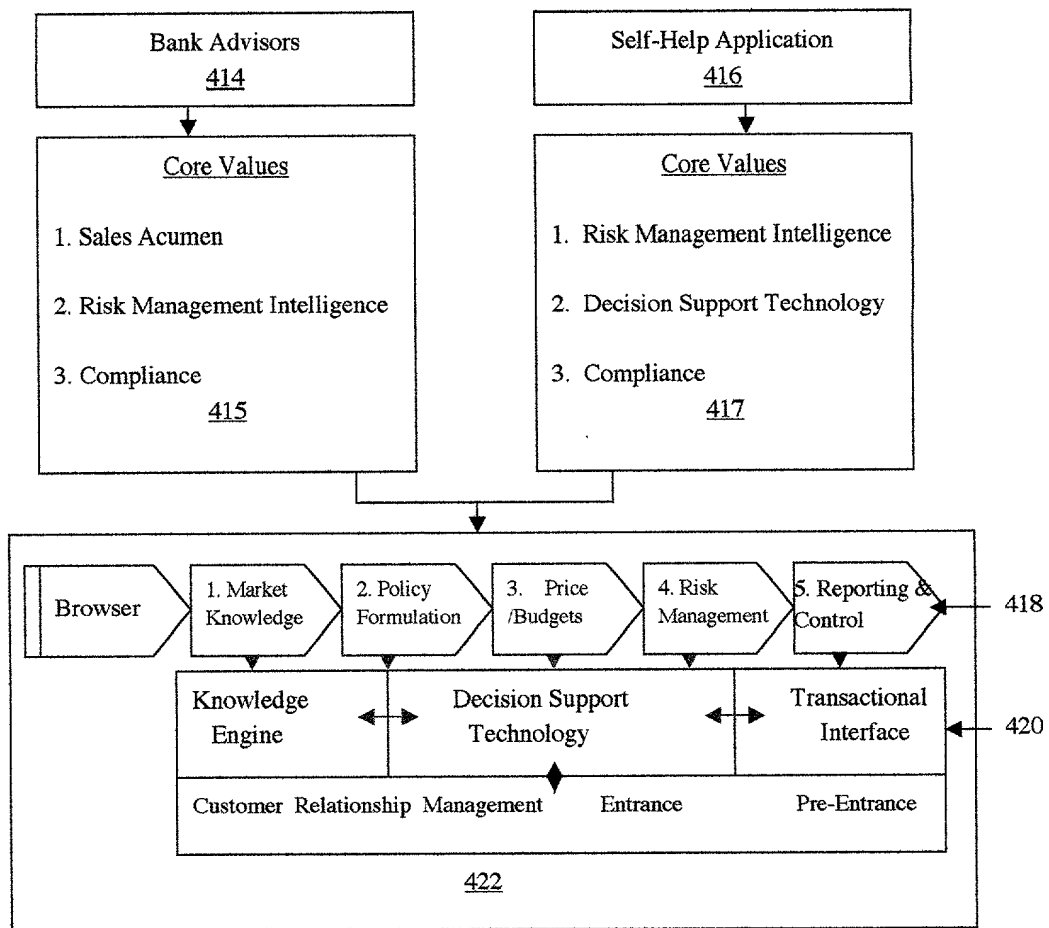


Figure 25